

# The AGRICULTURAL OUTLOOK DIGEST

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Farmers' prices averaged exactly at parity in mid-February, the first time they have not been above that level since the outbreak of war in Korea.

A 4 percent drop in prices received and a slight gain in prices paid reduced the parity ratio from 105 in January to 100 in mid-February. A year earlier, the ratio was 113, the highest since the Korean outbreak.

The decline in the index of prices received left it 8 percent below the record reached in February 1951. Most of the drop in the last month resulted from sharply lower prices for truck crops and eggs, and moderate declines for cotton, cottonseed, oats, wool and lambs. Prices for many other commodities showed smaller declines.

The small rise in the index of prices paid by farmers including interest, taxes, and wage rates from January to February was due to higher retail prices for production goods. Prices of things farmers buy for family living remained about the same. The index is now the highest on record and 4 percent higher than a year ago.

Wholesale prices also have declined, the BLS weekly index moving down about  $1\frac{1}{2}$  percent since early January. Chemicals and allied products, farm products and textiles showed the largest drops. The index is now almost 5 percent below February, 1951.

Overall, there has been little change in business activity for several months.

Industrial production has held at a level slightly below last spring's peak. Gradually increasing output of goods for defense and industrial expansion have about offset the decline in production of consumer goods.

Total employment also has been stable, except for usual seasonal changes, for several months. However, shifts from production of civilian to military goods have caused considerable unemployment in a few areas.

Consumer income, after taxes, has been rising gradually and is at record levels. Most of the increase has gone into savings as consumer spending has changed little. With output of consumer goods declining and consumer expenditures staying about the same, the large inventories on hand a few months ago have been gradually reduced.

LIVESTOCK About the usual seasonal movements are expected for meat animal prices this spring. Declines are likely for fed cattle while price increases are expected for lower grade cattle which will go on grass. Hog prices probably will go up seasonally.

In recent months, prices for meat animals have been somewhat weaker than last winter as supplies have improved and demand for meat has leveled off.

DAIRY PRODUCTS Farmers' prices for milk have declined less than seasonally this winter while butterfat prices have increased. In mid-February, the average price of butterfat was 18 percent higher than a year earlier and 5 percent above parity. Milk was 9 percent above a year ago and 2 percent above parity.

Milk production in 1952 is not likely to exceed 1951 since there were slightly fewer milk cows on January 1 than a year ago. Total stocks of dairy products on January 1 were considerably below the beginning of 1951. With demand continuing strong, prices probably will continue higher than a year earlier.

POULTRY AND EGGS Farmers plan to raise 10 percent fewer chickens for laying flock replacement this spring than last, according to their January 1 intentions. If the decrease occurs, egg production will not be affected until the last few months of 1952. With output this spring expected to be 4 percent above last spring, egg production for all of 1952 probably will top the record 1951 level.



Egg prices declined sharply the first 6 weeks of this year. In mid-February, prices received by farmers averaged 34.6 cents per dozen, down 5.9 cents from mid-January and 6.8 cents from a year earlier.

FATS AND OILS Prices of edible vegetable oils leveled off in February after declining for several months. Domestic use and exports of these oils in October-January totaled about the same as in the same period of 1950-51 but stocks remaining on February 1 were above a year earlier.

FEEDS About the same amount of feed grain was used in October-December, the first quarter of the 1951-52 feeding year, as in the same period of 1950-51. Stocks on January 1 totaled about a tenth less than a year earlier. Feeding is expected to continue at a high rate through the first half of 1952; may drop off later because of prospective declines in hog production and cattle feeding.

Feed grain prices have declined in the last two months but in mid-February averaged 3 percent above a year earlier.

WHEAT Exports of wheat from July through January are estimated at 265 million bushels. The U. S. quota under the International Wheat Agreement is about filled—only 17 million bushels out of the total of 255 million remained to be sold on February 12.

Farmers' prices in mid-February averaged \$2.18 per bushel, a little below a month earlier and a year earlier. Prices are expected to continue at about current levels.

FRUIT Demand for oranges and grapefruit for processing has been weaker than last year. This has been an important factor in the lower prices received by growers than a year ago. In the next couple of months, orange prices may rise a little but not much change is expected for grapefruit.

Stocks of apples and pears in cold storage on January 31 were considerably smaller than usual. Some further increase in prices seems likely.

VEGETABLES Commercial packers and freezers probably will contract for smaller acreages of vegetables than last year. Farmers, however, are not likely to accept much lower prices than in 1951 because of increased costs of production.

Prices for 1951 crop potatoes are expected to be at least as high in March and April as in February. In April and May, however, prices of new potatoes are expected to fall as marketing increase. Acreage for late spring harvest is well above last year.

COTTON Domestic mills used 4,707 thousand bales of cotton from August through January compared with 5,449 thousand bales in the same period of 1950-51. Exports in August-December amounted to 2,873 thousand bales, compared with 1,833 thousand in the same months a year earlier.

Farmers' prices for cotton averaged 37.25 cents per pound in mid-February compared with 38.70 in January and 42.31 a year earlier.

WOOL Wool prices in U. S. and foreign markets have been moving downward since last fall. In mid-February, prices to farmers averaged 55.2 cents per pound, 6.1 cents below a month earlier.

U. S. mills used 14 percent less apparel wool and 49 percent less carpet wool in 1951 than in 1950. Main factors in the decline were a drop in demand for wool for civilian goods, large inventories compared with sales, a decline in retail sales and increased substitution of other materials for wool.

Mill demand for raw wool for civilian goods probably will strengthen as inventories become more nearly in line with sales. Total consumption of apparel wool this year probably will be about the same as last year.

TOBACCO The 1951 flue-cured crop brought farmers an average of 52 cents per pound, 4 to 5 percent less than the 1950 crop. A larger proportion of lower-price grades accounted for most of the decline. The burley crop, on the other hand, set a new record of 51 cents per pound.

Cigarette manufacture—main outlet for flue-cured and burley—set a new record in 1951 and a further increase is in prospect for 1952.

